

5 June 2009

TANTALUM PROJECT & CORPORATE UPDATE

OVERVIEW

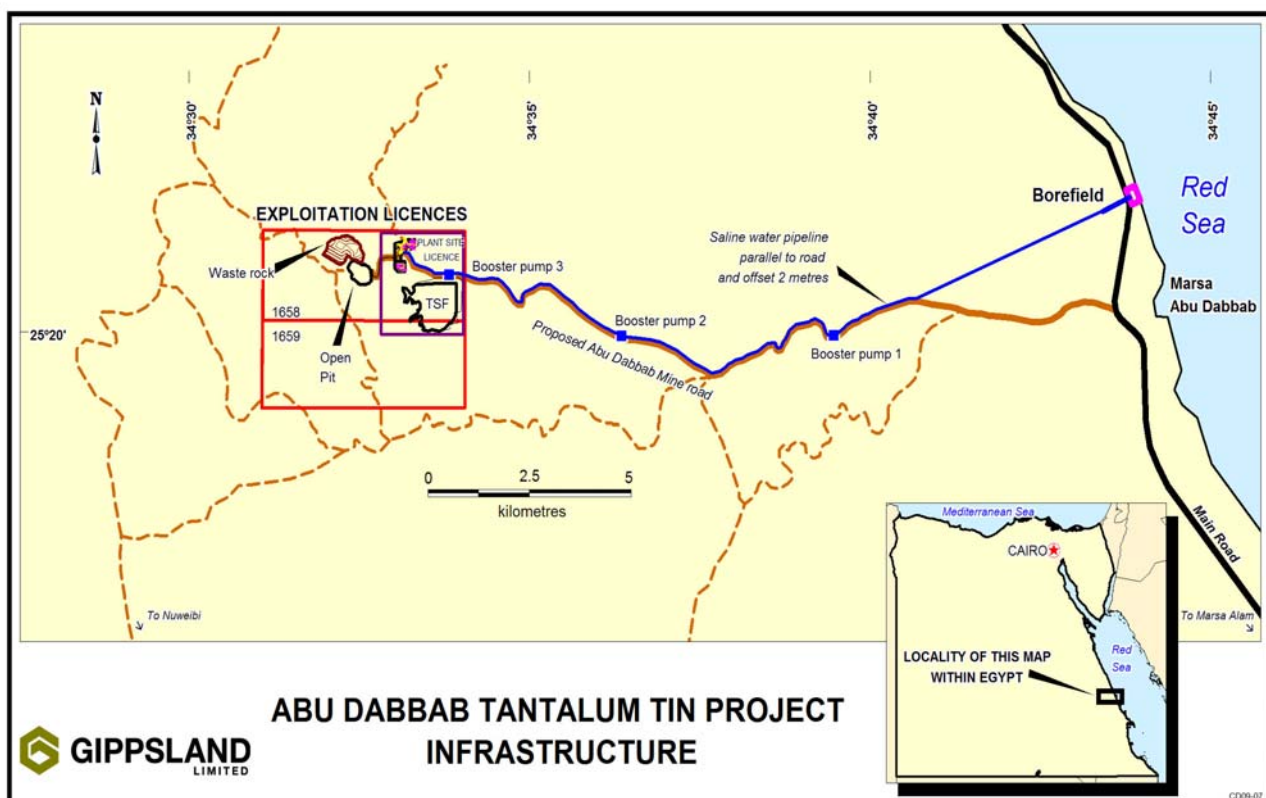
Through its 50% owned subsidiary Tantalum Egypt JSC, Gippsland Limited owns the 44.5 million tonne Abu Dabbab tantalum-tin-feldspar project in Egypt. Tantalum Egypt also owns the nearby 98 million tonne Nuweibi tantalum deposit.

Gippsland has completed a definitive feasibility study ("DFS") for Abu Dabbab based upon a mill feed rate of 2 million tonnes per year producing in excess of 650,000 pounds of tantalum pentoxide (" Ta_2O_5 ") which will make it the world's largest tantalum miner. The Abu Dabbab project will also produce approximately 1,530 tonnes of tin metal per year. Within approximately 2 years of start-up, the project is also scheduled to produce in the order of 1.5 million tonnes per year of ceramic grade feldspar which in turn will result in a tailings stream of less than 0.5 million tonnes per year greatly minimising the environmental impact of the project.

With a resource base in excess of 140 million tonnes, there is a high probability of expanded production.

Tantalum Egypt has executed a 10-year offtake agreement with the German tantalum refiner HC Starck GmbH for the supply of 600,000 pounds of tantalum per year in the form of a 20% Ta_2O_5 concentrate. Negotiations are presently in progress to adjust the offtake agreement to reflect the delivery of a high-grade synthetic concentrate ("SynCon") having a Ta_2O_5 content of >50%.

A detailed Environmental Impact Assessment ("EIS") has been completed to World Bank standards and the Company is in project finance negotiation with the German government owned KfW IPEX-Bank GmbH ("KfW").



BOREFIELD RE-ALLOCATION

The Abu Dabbab process plant will consume approximately 6,000m³ of water per day which was to have been sourced from a borefield set back from the Red Sea shoreline by approximately 1km. Recent evaluation of the area proposed, cast doubt on this area's ability to produce the required volume of water. The Company is pleased to advise that the Company's joint venture company Tantalum Egypt has now been allocated a prime 8.75ha waterfront property which guarantees access to an unlimited quantity of water. The new borefield, which has a Red Sea waterfrontage of 350m, is ideally suited for the project's desalination plant and long-term seaside accommodation facilities for Tantalum Egypt employees.

DESALINATION PLANT - TAILINGS STORAGE FACILITY

It was proposed that the Abu Dabbab project utilise raw seawater for the process plant and a HDPE lined tailings storage facility ("TSF") to prevent salt water from entering into the scant Wadi Abu Dabbab underground water system.

Recent re-evaluation of the capital and operational costs for the TSF and the desalination plant determined that it will now be more economic to use desalinated process water and an unlined TSF. The use of desalinated water will also largely eliminate environmental risk of groundwater contamination.

The Company's engineers are presently updating the EIS and the DFS to reflect the relatively minor changes associated with the use of an unlined TSF and desalinated water.

PROJECT FINANCE

During the past six months of global financial turmoil, the project finance discussions with the German government owned bank KfW IPEX-Bank GmbH ("KfW") have been in a state of hiatus. Fortunately however, the Company is now able to solely focus on the successful development of the world-scale 44.5 million tonne Abu Dabbab tantalum-tin-feldspar project.

KfW's legal and technical due diligence process is largely complete however it will now be necessary for KfW to consider the minor changes associated with the use of desalinated water, an unlined TSF and a revised offtake agreement with Starck.

CORPORATE OVERVIEW

The past six months has undoubtedly been a period of considerable turmoil for many companies worldwide with failures being commonplace. A concerted effort by the Gippsland Board ensured that Gippsland survived the financial onslaught.

(i) AIM

The downturn was particularly severe in the United Kingdom and the Company was de-listed from the London Stock Exchange AIM. A saving to the Company of approximately A\$350,000 per year will result from it no longer being listed on AIM. All shares previously registered with the Company's United Kingdom register Computershare Services (UK) plc were transferred to the Company's Australian register held by Security Transfer Registrars Pty Ltd. The Company was assisted in this process by the UK broker WH Ireland plc which routinely trades shares on the Australian Stock Exchange via its subsidiary DJ Carmichael Ltd.

(ii) Director Loans

At the height of the uncertainty interest free unsecured loans were provided to the Company by the Executive Chairman Jack Telford (A\$250,000) and Director Jon Starink (A\$50,000) and these played a pivotal role in the Company's ability to survive the global crisis.

(iii) Mr Ian Gandel

During April 2009, the Company announced that it had obtained a funding facility from Abbotsleigh Pty Ltd, a company associated with Melbourne businessman Mr Ian Gandel, for an advance of A\$800,000 to the Company for working capital purposes.

The Company will hold a General Meeting of Shareholders on 24 June 2009 to consider five Resolutions, the most important of which being the election of Mr Gandel to the Gippsland Board. Mr Gandel is an active investor in the resource sector with substantial holdings in several public companies. He will undoubtedly be a considerable asset to the Company as it moves to centre stage of the tantalum industry.

OUTLOOK

The Directors consider that the 44.5 million tonne Abu Dabbab deposit and the nearby 98 million tonne Nuweibi deposit place the Company in a unique and highly advantageous position in the global tantalum supply chain. The project has recently been described by a leading electronics analyst as a "mega project" which is crucial to the reliable long-term supply of the strategic metal to the electronics and aviation industries^A.

This dependence upon Abu Dabbab has been greatly enhanced by the recent closure of mines in Australia, Africa and Canada. While these closures were in part related to the contraction of the electronics industry, the Directors are of the firm view that these closures were also triggered by:

- Escalating cost of production
- Decreasing tantalum grades
- Increased metallurgical complications
- Unacceptably high uranium and thorium contents
- Lack of shipping space for radioactive Class 7 tantalum concentrates.

The Abu Dabbab project is designed to produce a high-grade SynCon having a Ta₂O₅ content in excess of 50%. The shipment of the tantalum product will not be restricted as it will not be classified as an International Maritime Organisation Class 7 material due to its low uranium and thorium content.

Abu Dabbab is one of the very few significant tantalum deposits in the world which the mineralisation is not plagued by excessive contents of niobium and/or radionuclides.

Abu Dabbab is scheduled to generate substantial revenues from the tantalum co-products tin and feldspar.

The Directors consider the Company to be in a unique and highly advantageous position in the global supply chain for tantalum, a highly strategic metal.

For further details please contact:

RJ (Jack) Telford
Executive Chairman
Gippsland Limited
Tel: +61 8 9340 6000
Email: info@gippslandltd.com
Web: www.gippslandltd.com

WH Ireland Limited (UK)

Contacts: John Molyneux / James Hughes

Tel: +44 20 7220 1665 / +4420 7220 1663

Email: john.molyneux@wh-ireland.co.uk / james.hughes@wh-ireland.co.uk

Web: www.wh-ireland.co.uk

DJ Carmichael & Co

Contacts: Paul Covich / Rob Matthews

Tel: +61 8 9263 5271

Email: pcovich@djcar michael.com.au / rmatthews@djcar michael.com.au

Web: www.djcar michael.com.au

^A Passive Industry Analyst Dennis Zogbi - 12 December 2008
MarketEye: Tantalum Supply Chain Faces Unprecedented Challenges